



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 350** SLS 12RS 748
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 2, 2012 7:10 PM	Author: MURRAY
Dept./Agy.: Local Governments / Revenue	
Subject: Retain Local Portion of Auto Rental Excise Tax	Analyst: Greg Albrecht

TAX/LOCAL EG +\$1,000,000 LF RV See Note Page 1 of 1
Continues indefinitely the levy of a local tax of 1.5% of the gross proceeds derived from the lease or rental of an automobile pursuant to an automobile rental contract. (7/1/12)

Current law imposes a 3% excise tax on short-term auto rentals. The state portion is a 2.5% levy and a local portion of 0.5% is included. The Department of Revenue collects the entire 3% levy and distributes the local portion back to the parish of rental. The tax has been in affect since 1991, but expires at the end of FY 2012.

Proposed law continues the local 0.5% levy beyond its June 30, 2012 expiration, but only after approval of a majority of the registered voters of a parish at a regularly scheduled election in the parish.

Effective July 1, 2012.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$4,000,000
Annual Total		\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$4,000,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Collection and distribution processes have been in place for some 22 years. The Department of Revenue should be able to continue those processes with respect to the local levy with little or no additional cost, other than notifying remitters of the lower tax rate.

REVENUE EXPLANATION

The bill continues a levy collected for local governments that has been in place for some 22 years. In the past few years this levy has generated approximately \$1 million per year (ranging from \$956,000 in FY05 to \$1.174 million in FY07, and \$1.044 million in FY11). These monies were distributed to 35 parishes in FY11, but with nearly 95% distributed among ten parishes: Jefferson 52.1%, East Baton Rouge 12.1%, Caddo 7.2%, Lafayette 5.7%, Orleans 5.1%, Rapides 3.5%, Calcasieu 2.5%, Ouachita 2.3%, Terrebonne 1.9%, and St. Tammany 1.9%.

The requirement of a local election at a regularly scheduled parish election means that parishes interested in continuing the tax will not be able to collect the tax for a full year in FY13. The table above depicts the maximum statewide effect if all parishes elect to continue the tax by FY14.

Relative to current law, the bill represents a tax increase from a prospective baseline of zero tax on these transactions. Relative to current practice, the bill represents a tax decrease from a historical baseline of 3% tax on these transactions.

The state portion of the total levy (2.5%) also expires at the end of FY12, but the loss of the associated state receipts has already been incorporated into state revenue forecasts and budgeting. This bill does not address the state portion of the total levy.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input checked="" type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	H. Gordon Monk Legislative Fiscal Officer